

## Target Market Determination – Zank Income Fund

This Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**). It sets out a class of consumers who would be in the target market for the product. The TMD additionally outlines distribution conditions and information related to review and monitoring as well as certain other information (specifically, distribution conditions, review triggers and periods, and reporting requirements). It forms part of the Issuer's design and distribution arrangements for Zank Income Fund (**Product**). Distributors must take reasonable steps that will, or are reasonably likely to, result in distribution of the Product being consistent with the most recent version of this TMD (unless the distribution is excluded conduct).

This document is **not** a product disclosure statement and **not** a summary of the Product features or terms of the Product. This document provides general information only and does not take into account any person's individual objectives, financial situation or needs. Persons interested should carefully read the Product Disclosure Statement (**PDS**) for the Product before making a decision whether to buy this Product.

Important terms used in this TMD are defined in the TMD Definitions which supplement this document. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained from the Issuer's website: [www.vascofm.com](http://www.vascofm.com).

|                       |  |
|-----------------------|--|
| Target Market Summary | This product is likely to be appropriate for consumers seeking Income Distribution to be used as a Satellite/small allocation within a portfolio where the consumer has a Medium-term investment timeframe, High risk/return profile and does not need access to their capital within at least one year from the date of their investment. |
|-----------------------|--|

|                          |                         |                    |  |
|--------------------------|-------------------------|--------------------|--|
| <b>Fund</b>              | <b>Zank Income Fund</b> | <b>Issuer</b>      | <b>Vasco Responsible Entity Services Limited</b> |
| <b>ARSN</b>              | ARSN 637 888 307        | <b>Issuer ABN</b>  | ACN 160 969 120                                  |
| <b>APIR Code</b>         | N/A                     | <b>Issuer AFSL</b> | AFSL 434 533                                     |
| <b>Date TMD approved</b> | 20 December 2024        | <b>TMD Status</b>  | Current  |
| <b>TMD Version</b>       | 4.0                     |                    |  |

## DESCRIPTION OF TARGET MARKET

### TMD Indicator Key

The Consumer Attributes for which the product is likely to be appropriate have been assessed using a red/amber/green rating methodology with appropriate colour coding:

|                  |                           |                                 |
|------------------|---------------------------|---------------------------------|
| In target market | See Issuer's Instructions | Not considered in target market |
|------------------|---------------------------|---------------------------------|

### Issuer's Instructions

In the tables below, Column 1, Consumer Attributes, indicates a description of the likely objectives, financial situation and needs of the class of consumers that are considering this product. Column 2, TMD indicator, indicates whether a consumer meeting the attribute in column 1 is likely to be in the target market for this product.

Generally, a consumer is unlikely to be in the target market for the product if:

- **one or more** of their Consumer Attributes correspond to a **red** rating, or
- **three or more** of their Consumer Attributes correspond to an **amber** rating.

Definitions of terms are in the attachment or otherwise in the PDS.

### Appropriateness

The Issuer has assessed the product and formed the view that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described above, as the features of this product in Column 3 of the table below are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

### Investment Products and Diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (typically with an intended product use of satellite/small allocation or core component). In such circumstances, the product should be assessed against the consumer's attributes for the relevant portion of the portfolio, rather than the consumer's portfolio as a whole. For example, a consumer may seek to construct a conservative portfolio with a satellite/small allocation to growth assets. In this case, it may be likely that a product with a High or Very High risk/return profile is consistent with the consumer's objectives for that allocation notwithstanding that the risk/return profile of the consumer as a whole is Low or Medium. In making this assessment, distributors should consider all features of a product (including its key attributes).

| Consumer Attributes   | TMD Indicator                   | Product description including key attributes   |
|---|---------------------------------|--|
| <b>Consumer's investment objective</b>                          |                                 |  |
| Capital Growth  | Not considered in target market | <p>The Investment Manager's strategy is to make loans to borrowers for business and investment purposes with a medium risk profile, with a focus on capital preservation. The Fund aims to generate a Target Return of 7.5% per annum. Investors should note that this is a target only and is not a forecast or guaranteed return and actual returns may be lower than the target return.</p> <p>In some instances, the Fund may make loans secured by a second registered mortgage where the Investment Manager considers that the return is appropriate to the risk profile of the loan.</p> <p>While the Fund has been designed to have a low volatility and minimise capital losses, investors should still be aware that there is a risk that capital losses can occur in circumstances where an asset of the Fund, rather than the Fund itself, incurs a capital loss. Therefore, while an asset in the Fund could experience capital loss and is higher risk and more volatile than cash or fixed income securities, the Fund is expected to exhibit lower volatility than listed equities or listed REITs in a market downturn.</p> |
| Capital Preservation  | In target market                |  |
| Income Distribution   | In target market                |  |
| <b>Consumer's intended product use (% of investable assets)</b> |                                 |  |
| Solution/Standalone (up to 100%)                                | Not considered in target market | <p>The Fund's portfolio of assets is diversified by size, by borrower and by borrower activity (development of commercial, retail, residential and specialised property), but the Fund may lend to a single borrower who exceeds 5.0% of the Fund's assets. Accordingly, the Fund's portfolio diversification is Low (see diversification definitions below).</p> <p>The Fund is therefore considered suitable as a satellite/small allocation product. However, the Fund may also be suitable as a Minor allocation for investors who have a high conviction to the Fund's strategy and with a Very High Risk profile.</p>  |
| Major allocation (up to 75%)                                    | Not considered in target market |  |
| Core component (up to 50%)                                      | Not considered in target market |  |
| Minor allocation (up to 25%)                                    | See Issuer's Instructions       |  |
| Satellite/small allocation (up to 10%)                          | In target market                |  |

| <b>Consumer's investment timeframe</b>                           |                                 |   |
|--|---------------------------------|---|
| Short<br>(≤ 2 years)   | Not considered in target market | There is a Minimum Term of 12 months before Investors can request a withdrawal from the Fund and loans are expected to be made for a term between 3 and 24 months, although loans may be made or extended beyond this.<br><br>The suggested minimum timeframe for investing is a period longer than 2 years.  |
| Medium<br>(> 2 years and ≤ 6 years)                              | In target market                |   |
| Long<br>(> 6 years)  | In target market                |   |
| <b>Consumer's Risk (ability to bear loss) and Return profile</b> |                                 |   |
| Extremely High   | In target market                | <p>The Fund is in a high risk band. However, the Fund may also be suitable as a satellite/small allocation for investors with a Medium risk profile who have a high conviction to the Fund's strategy.</p> <p>The Fund invests in a portfolio of loans with a medium/high risk profile. All loans will be secured by a registered first or second ranking mortgage (Real Property Mortgage). The Fund does not use any derivative products.</p> <p>The returns from the Fund are not guaranteed and there are risks involved in the Fund, which may include the following:</p> <ul style="list-style-type: none"> <li>• Defaults by borrowers may result in the delay/non-repayment of a loan and delays could occur between a loan going into default and the sale of the underlying security and may reduce the amount of distributions payable by the Fund.</li> <li>• The Fund's underlying investments may become 'illiquid' in some circumstances, resulting in delays, or at worst, funds may become frozen, and this may impact withdrawals from the Fund.</li> </ul> <p>If a loan is impaired (i.e. not recovered in full) then the value of an investment may fall.</p> |
| Very high  | In target market                |   |
| High   | In target market                |   |
| Medium   | See Issuer's instructions       |   |
| Low  | Not considered in target market |   |
| <b>Consumer's need to access money</b>                           |                                 |   |
| Within one week  | Not considered in target market | There is a minimum investment term (Minimum Term) of 12 months from the date an Investor subscribes their funds before the Investor can request a withdrawal from the Fund. Once the Minimum Term is reached, an Investor may be able to withdraw from the Fund pursuant to Withdrawal Offers made by the Responsible Entity, which are expected to be made on a quarterly basis. Withdrawal offers are not guaranteed and may be suspended or scaled back.<br><br>Investors seeking to have access to their capital before the expiry of the Minimum Term are not  |
| Within one month   | Not considered in target market |   |
| Within three months  | Not considered in target market |   |

|                  |                                 |  |
|------------------|---------------------------------|--|
| Within one year  | Not considered in target market | within the target market. Investors who may require access to capital more frequently than quarterly after the expiry of their Minimum Term are also not in the target market. |
| Within 5 years   | In target market                |  |
| Within 10 years  | In target market                |  |
| 10 years or more | In target market                |  |

## DISTRIBUTION AND REVIEW

This product can only be offered and/or issued in accordance with the relevant product terms and conditions outlined in the Product Disclosure Statement (as amended from time to time).

The product can be distributed via the following methods:

| Distribution Conditions/restrictions   |   |
|--|---|
| Distribution channel   | Condition / rationale   |
| The offer is available to persons receiving the PDS within Australia but does not constitute an offer of interests in any jurisdiction where, or to any persons to whom, it would be unlawful to make the offer. | It is the responsibility of any overseas applicant to ensure compliance with all laws of any country relevant to the offer. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.  |
| Direct   | <p>Direct investors who are wholesale or sophisticated investors can invest in this product.</p> <p>Retail investors are asked to complete a paper-based application form, including filtering questions designed to assist the Issuer to understand whether the investor is likely to be within the target market. The Issuer will review the information provided in response to the questions, assess those answers against the Fund's key attributes (set out above), and assess whether it is likely the investor is in the target market and an investment in the Fund would likely be consistent with the likely objectives, financial situation and needs of the investor. Where the Issuer concludes the investor is not likely to be within the target market, the Issuer may reject the application or seek further information from the investor.</p> |
| Adviser (personal advice)  | <p>As a condition to investing in the product, investors are to confirm through a paper-based application if they have received personal advice to assist the Issuer to understand whether an adviser has considered whether the relevant investor is in the target market and an investment in the Fund.</p> <p>Financial advisers to provide details of their AFS licence and confirm that they have reviewed and considered the TMD in providing personal advice to the investor.</p>  |

| <b>Review triggers</b>  |   |   |
|---|---|---|
| <ol style="list-style-type: none"> <li>1) Any material change to key attributes, fund investment objective and/or fees which may reasonably suggest the TMD is no longer appropriate.</li> <li>2) Any material deviation from benchmark / objective over sustained period.</li> <li>3) The key attributes have not performed as disclosed by a material degree and for a material period.</li> <li>4) Any significant increase in fund outflow or losses suffered by unit holders which reasonably suggests the product is not going to achieve its investment objective over a certain time.</li> <li>5) The liquidity of the product has changed, reasonably suggesting that this TMD is no longer appropriate.</li> <li>6) Determination by the Issuer of a Significant Dealing to be reported to ASIC which reasonably suggests that TMD is no longer appropriate.</li> <li>7) The receipt of a Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) from consumers who have acquired this product, regarding the product design, features, availability and distribution condition that would reasonably suggest the TMD is no longer appropriate.</li> <li>8) The receipt of a Product Intervention Power order from ASIC.</li> <li>9) The receipt of regulatory orders or directions that affects the product.</li> </ol> |   |   |
| <b>Mandatory review periods</b>   |   |   |
| <b>Review period</b>  | <b>Maximum period for review</b>  |   |
| Initial Review  | 1 Year from the date of this TMD.   |   |
| Subsequent review   | 1 Year from the date of the prior review (for whatever reason).   |   |
| <b>Distributor reporting requirements</b>   |   |   |
| <b>Reporting requirement</b>  | <b>Reporting period</b>   | <b>Which distributors this requirement applies to</b> |
| Complaints (as defined in section 994A(1) of the Act) relating to the product design, product availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy.   | As soon as practicable, but within 10 business days following end of calendar quarter                                 | All distributors                                      |
| Significant dealing outside of target market, under s994F(6) of the Act. See Definitions for further detail.  | As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing. | All distributors                                      |
| To the extent a distributor is aware of dealings outside the target market these should be reported to the issuer, including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice.  | As soon as practicable, but within 10 business days following end of calendar quarter                                 | All distributors                                      |

*This document provides general information only and does not take into account a person's individual objectives, financial situation or needs. Before making an investment decision a person should critically assess whether this product is appropriate and obtain financial advice tailored to the person having regard to personal objectives and circumstances. This document is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction.*

## DEFINITIONS

| Term   | Definition   |
|--|--|
| <b>Consumer's investment objective</b>   |  |
| Capital Growth   | The consumer seeks to invest in a product designed or expected to generate capital return over the investment timeframe. The consumer prefers exposure to growth assets (such as shares or property) or otherwise seeks an investment return above the current inflation rate.                         |
| Capital Preservation   | The consumer seeks to invest in a product designed or expected to have low volatility and minimise capital loss. The consumer prefers exposure to defensive assets that are generally lower in risk and less volatile than growth investments.   |
| Income Distribution  | The consumer seeks to invest in a product designed to distribute regular and/or tax-effective income. The consumer prefers exposure to income-generating assets (typically, high dividend-yielding equities, fixed income securities and money market instruments).                                    |
| <b>Consumer's intended product use</b>   |  |
| Solution/Standalone (up to 100%)   | The consumer may hold the investment as up to 100% of their total <i>investable</i> assets. The consumer is likely to seek a product with <i>very high</i> portfolio diversification.  |
| Major allocation (up to 75%)   | The consumer may hold the investment as up to 75% of their total <i>investable</i> assets. The consumer is likely to seek a product with at least <i>high</i> portfolio diversification.   |
| Core Component (up to 50%)   | The consumer may hold the investment as up to 50% of their total <i>investable</i> assets. The consumer is likely to seek a product with at least <i>medium</i> portfolio diversification.   |
| Minor allocation (up to 25%)   | The consumer may hold the investment as up to 25% of their total <i>investable</i> assets. The consumer is likely to seek a product with at least <i>low</i> portfolio diversification.  |
| Satellite / small allocation (up to 10%)   | The consumer may hold the investment as up to 10% of the total investable assets. The consumer may seek a product  |
| Investable Assets  | Those assets that the investor has available for investment, excluding the residential home.   |
| <b>Portfolio diversification (for completing the key product attribute section of consumer's intended product use)</b> |  |
| Very Low   | The product provides exposure to a single asset (for example, a commercial property) or a niche asset class (for example, minor commodities, crypto-assets or collectibles).   |
| Low  | The product provides exposure to a small number of holdings (for example, a portfolio of real property assets or fewer than 25 securities) or a narrow asset class, sector or geographic market (for example, a single major commodity (e.g. gold) or equities from a single emerging market economy). |
| Medium   | The product provides exposure to a moderate number of holdings (for example, up to 50 securities) in at least one broad asset class, sector or geographic market (for example, Australian fixed income securities or global natural resources).  |



|   |  |
|---|--|
| High  | The product provides exposure to a large number of holdings (for example, over 50 securities) in multiple broad asset classes, sectors or geographic markets (for example, global equities).   |
| Very High   | The product provides exposure to a large number of holdings across a broad range of asset classes, sectors and geographic markets with limited correlation to each other.  |
| <b>Consumer's intended investment timeline</b>  |  |
| Short ( $\leq 2$ years)   | Short ( $\leq 2$ years) The consumer has a short investment timeframe and may wish to redeem within two years.   |
| Medium ( $> 2$ years and $\leq 6$ years)  | Medium ( $> 2$ years and $\leq 6$ years) The consumer has a medium investment timeframe and is unlikely to redeem within two years but may wish to redeem within six years.  |
| Long ( $> 6$ years)   | Long ( $> 6$ years) The consumer has a long investment timeframe and is unlikely to redeem within six years.   |
| <b>Consumer's Risk (ability to bear loss) and Return profile</b>  |  |
| <p>The Issuer has adopted the Standard Risk Measure (<b>SRM</b>) to estimate the likely number of negative annual returns for this product over a 20 year period, using the guidance and methodology outlined in the Standard Risk Measure Guidance Paper For Trustees (note the bands in the SRM guidance differ from the bands used in this TMD). However, SRM is not a complete assessment of risk and potential loss. For example, it does not detail important issues such as the potential size of a negative return (including under conditions of market stress) or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. The Issuer has supplemented the SRM methodology by other risk factors. For example, the potential impact of liquidity or withdrawal limitations, valuation risks or risks of capital loss, which have been documented together with the SRM to substantiate the product risk rating.</p> <p>A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.</p> |  |
| Extremely High  | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has an extremely high risk appetite,</li> <li>• can accept significant volatility and losses, and</li> <li>• seeks to obtain accelerated returns (potentially in a short timeframe).</li> </ul> <p>The consumer seeks extremely high risk, speculative or complex products which may have features such as significant use of derivatives, leverage or short positions or may be in emerging or niche asset classes (for example, crypto-assets or collectibles).</p> |
| Very High   | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a very high risk appetite,</li> <li>• can accept very high volatility and potential losses (e.g. has the ability to bear 6 to 7 negative returns over a 20 year period (SRM 6 or 7), and</li> <li>• seeks to maximise returns (typically over a medium or long timeframe).</li> </ul> <p>The consumer typically prefers high growth assets such as high conviction portfolios, hedge funds, and alternative investments.</p>                                      |

|        |   |
|--------|---|
| High   | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has high risk appetite,</li> <li>• can accept high volatility and potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 5 or 6), and</li> <li>• seeks high returns (typically over a medium or long timeframe).</li> </ul> <p>The consumer typically prefers predominantly growth assets such as shares and property with only a smaller or moderate holding in defensive assets such as cash and fixed income.</p> |
| Medium | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a moderate or medium risk appetite, seeking to minimise potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5) and comfortable with a moderate target return profile.</li> </ul> <p>Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as fixed income.</p>   |
| Low    | <p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> <li>• has a conservative or low risk appetite,</li> <li>• seeks to minimise potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2) and is comfortable with a low target return profile.</li> </ul> <p>Consumer typically prefers defensive assets such as cash.</p>   |

### Consumer's need to access money

This consumer attribute addresses the likely period of time between the making of a request for redemption/withdrawal (or access to investment proceeds more generally) and the receipt of proceeds from this request under ordinary circumstances. Issuers should consider both the frequency for accepting the request and the length of time to accept, process and distribute the proceeds of such a request. To the extent that the liquidity of the underlying investments or possible liquidity constraints (e.g. ability to stagger or delay redemptions) could impact this, this is to be taken into consideration in aligning the product to the consumer's need to access capital. Where a product is held on investment platforms, distributors also need to factor in the length of time platforms take to process requests for redemption for underlying investments. Where access to investment proceeds from the product is likely to occur through a secondary market, the liquidity of the market for the product and likely realisable value on market should be considered, including in times of market stress.

### Distributor Reporting

#### Significant dealings

Section 994F(6) of the Act requires distributors to notify the issuer if they become aware of a significant dealing in the product that is not consistent with the TMD. Section 994G of the Act requires the Issuer to notify ASIC if it becomes aware of a significant dealing in the product that is not consistent with the TMD. Neither the Act nor ASIC defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning.

The Issuer will rely on notifications of significant dealings to monitor and review the product, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC.

Dealings outside this TMD may be significant because:

- they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or
- they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the consumer (or class of consumer).

In each case, the distributor should have regard to:

- the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes),
- the actual or potential harm to a consumer (which may be indicated by the value of the consumer's investment, their intended product use or their ability to bear loss), and
- the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red and/or amber ratings attributed to the consumer).

Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:

- it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the reporting period,
- the consumer's intended product use is *Solution/standalone*, or
- the consumer's intended product use is *Core component* or higher and the consumer's risk (ability to bear loss) and return profile is *Low*.

